May 31, 2022

VIA E-FILING
Cynthia T. Brown
Chief of the Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington DC 20423-0001

Re: North Coast Railroad Authority – Abandonment Exemption – In Mendocino, Trinity, and Humboldt Counties, Cal., AB-1305X.
Notice of Intent to File Offer of Financial Assistance

Dear Ms. Brown:

Pursuant to the Board’s decision served May 20, 2022, and the requirements of 49 CFR § 1152.27, I am hereby submitting this letter on behalf of the Mendocino Railway (“MR”) as a formal expression of MR’s intent to file an offer of financial assistance (“OFA”) to purchase a segment of the rail line that is the subject of this abandonment proceeding (the “Line”). The segment of the Line that MR intends to file an OFA is from milepost 139.5 to milepost 152.5, including all appurtenances, signals, communications equipment, real property interests, all other track materials, and any other real property necessary to conduct common carrier service over the segment (the “OFA Segment”). Pursuant to 49 CFR §1152.27, this letter also includes the information necessary to demonstrate that MR is preliminary financially responsible as described in the Board’s regulations.

MR is a Class III common carrier, which has been operating in California for approximately 18 years. It is a wholly owned subsidiary of Sierra Railroad Company (“SRC”). MR is interested in expanding into new markets and has a legitimate interest in the OFA

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1 The Line that is subject to the abandonment is described in the abandonment proceeding as being 175.84 miles, between milepost 139.5, near Willits, and milepost 284.1, near Eureka, including appurtenant branch lines extending to milepost 267.72 near Carlotta, milepost 295.57 near Korbelx, milepost 300.5 near Samoa, and milepost 301.8 near Korbel, in Mendocino, Trinity and Humboldt Counties, CA.
Segment. MR believes that there is a continued need for rail service on the OFA Segment and would operate the OFA Segment directly.

Under the rules set forth in 49 § 1152.27(c)(1)(iv)(B), in order to demonstrate its preliminary financial responsibility, MR must show that it is financially responsible in accordance with the calculated preliminary financial responsibility formulas set forth in the regulation. An offeror is financially responsible if the offeror “has or within a reasonable time will have the financial resources to fulfill its proposed contractual obligations.”

In accordance with the regulations, to show its preliminary financial responsibility, MR submits the following information:

(1) The preliminary financial responsibility amount is $1,133,600.00, as shown by the calculations set forth on the enclosed Exhibit A.

(2) Exhibit A is based on a scrap steel quote enclosed as Exhibit B.

(3) MR has the financial resources to cover the preliminary financial responsibility amount. See April 29, 2022 bank statement from JP Morgan Chase Bank as Exhibit C.

(4) MR has cash available in excess of the preliminary financial responsibility amount to pay the purchase price as set forth in the letter of support from JP Morgan Chase Bank enclosed as Exhibit D.

(5) The Liability Insurance of MR enclosed as Exhibit E.

Based upon the attached exhibits, MR respectfully requests that it be found to be financially able on a preliminary basis to purchase the OFA Segment of the Line. If you have any questions, please contact me by phone at (202) 663-7823, or by email at WMullins@bakerandmiller.com.

Sincerely,

/s/ William A. Mullins

William A. Mullins

cc: Parties of Record
EXHIBIT A

PRELIMINARY FINANCIAL RESPONSIBILITY
Scrap rates at $300 per ton at Willits (See Exhibit B)

Based on this scrap price per ton times 132 short tons per track, this means a scrap value of $39,600 per mile. This scrap value per mile times 13 miles is $514,800. The scrap value per mile at $39,600 plus the additional sum of $4,000 pursuant to 49 C.F.R. Section 1152 (c)(1)(ii) is $43,600 per mile. This amount of $43,600 per mile doubled is $87,200 per mile. Pursuant to 49 C.F.R. Section 1152 (c)(1)(ii), the sum of $87,200 per mile times 13 miles makes the total preliminary financial responsibility $1,133,600.
EXHIBIT B

SCRAP STEEL PRICE QUOTE
From: Stathi Pappas <Stathi@skunktrain.com>
Sent: Tuesday, May 31, 2022 10:33 AM
To: Robert Jason Pinoli <RJP@skunktrain.com>
Subject: Fwd: rail price schnitzer steel

From: Dyllon Louis <dlois@schn.com>
Sent: Tuesday, May 31, 2022 10:31:17 AM
To: Stathi Pappas <Stathi@skunktrain.com>
Subject: 

Good morning this is Dyllon Louis from Schnitzer Steel, we have spoken earlier on the phone about a quote for your rail scrap. As discussed earlier this quote is only active for the near future and price can change at moment notice. As of today, the market for rail is at 305 a NT. Please if you have any questions do not hesitate to contact me.
EXHIBIT C

MENDOCINO RAILWAY BANK STATEMENT
### SAVINGS SUMMARY

**Premium Commercial Money Market**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Beginning Balance</td>
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<tr>
<td>Deposits and Additions</td>
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<tr>
<td>Electronic Withdrawals</td>
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<td>Ending Balance</td>
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<td>Interest Paid This Period</td>
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<tr>
<td>Interest Paid Year-to-Date</td>
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### TRANSACTION DETAIL

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<th>Date</th>
<th>Description</th>
<th>Amount</th>
<th>Balance</th>
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<tbody>
<tr>
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<tr>
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<td>04/29</td>
<td>Interest Payment</td>
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<tr>
<td></td>
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<td>$11,847,253.93</td>
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</table>

### INTEREST RATE ON COLLECTED BALANCE

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<tr>
<th>Interest Rate(%)</th>
<th>04/01 TO 04/30 AT</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>0.01%</td>
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</tbody>
</table>
EXHIBIT D

JP MORGAN CHASE BANK LETTER OF SUPPORT
May 31, 2022

Surface Transportation Board
395 E St SW
Washington, DC 20423
CC: Parties of Record

Re: Bank Confirmation Letter: Sierra Railroad / Mendocino Railway ("Company") Current Intent to File OFA

To whom it may concern:

This letter is being delivered on behalf of the Company to provide information on its banking relationship with JPMorgan Chase Bank, N.A. (the “Bank”), for use in connection with your request. We can hereby confirm that the Company has cash well in excess of the calculated preliminary financial responsibility of $1.2 million in the above referenced proceeding.

Please be advised that the Bank shall have no duty or obligation to inform the addressee hereof of any future changes. This letter is solely for the benefit of the addressee hereof for the referenced purpose and may not be relied on by any other person or for any other purpose.

Sincerely,

Zachary Erickson
Vice President
JPMorgan Chase Bank, N.A.

The information in this letter is provided as an accommodation to the inquirer. This letter and any information provided in connection therewith are furnished on the condition that they are strictly confidential, that no liability or responsibility whatsoever in connection therewith shall attach to the Bank or any of its officers, employees, or agents, that this letter makes no representations regarding the general condition of the companies named herein, their management, or their future ability to meet their obligations, and that information provided in this letter or in connection therewith is subject to change without notice.

© 2017 JPMorgan Chase & Co. All rights reserved. Chase, J.P. Morgan and JPMorgan Chase are marketing names for certain businesses of JPMorgan Chase & Co. and its subsidiaries worldwide (collectively, “JPMC”). Products and services may be provided by commercial bank affiliates, securities affiliates or other JPMC affiliates or entities. 11851
EXHIBIT E

PROOF OF INSURANCE
THIS IS A CLAIMS MADE AND REPORTED POLICY. THIS POLICY IS LIMITED TO THOSE CLAIMS WHICH ARE MADE AND REPORTED TO US IN WRITING IN ACCORDANCE WITH THE POLICY PROVISIONS.

The Insurer is a surplus lines insurer, is not licensed by the State and is subject to limited regulation. In the event of insolvency of the Insurer, the insurance is not covered by the State’s guaranty fund. This policy may be subject to surplus lines taxes, stamping fees, surcharges, and certain surplus lines reporting requirements mandated by state regulations. The Surplus Lines Broker is responsible for the disclosure of all related taxes, surcharges, and fees. The Surplus Lines Broker is also responsible for the applicable surplus lines reporting requirements including but not limited to the submission of diligent search forms.

<table>
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<tr>
<th>Policy Number: TRHV290955-10</th>
<th>Broker Name and Address</th>
<th>Renewal of TRHV290955-9</th>
<th>1st Yr. Liab. Pol.</th>
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</thead>
<tbody>
<tr>
<td>United Shortline Insurance Services 8265 N. Van Dyke Rd Port Austin, MI 48467</td>
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<td>2012</td>
<td></td>
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Item 1. Named Insured: Sierra Railroad Co & Mendocino Railway

Mailing Address: 1222 Research Park Drive Davis, California 95618

Named Insured Classified as:

☐ Individual ☐ Partnership ☐ LLC ☒ An organization other than a Partnership, Joint Venture or LLC

Item 2. Effective Date: 8/31/2021

Expiration Date: 8/31/2022

Retroactive Date: 5/1/1991

12:01 A.M., standard time at the address of the Named Insured as stated herein

Item 3. In return for the payment of the premium, and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

LIMITS OF INSURANCE

Each Occurrence Limit: $5,000,000

Policy Aggregate Limit: $10,000,000

Medical Expense Limit – Any One Person: $5,000
Item 4. Deductible

$10,000 Each occurrence.

Item 5. Premium

<table>
<thead>
<tr>
<th>Classifications or Locations</th>
<th>Premium Basis Ticket Sales</th>
<th>Rate</th>
<th>Certified TRIA Premium</th>
<th>Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourist/Excursion Railroad</td>
<td>$5,500,000</td>
<td>Flat Rated</td>
<td>Excluded</td>
<td>$196,550</td>
</tr>
</tbody>
</table>

MINIMUM PREMIUM $196,550

DEPOSIT PREMIUM $196,550

This policy is issued by a surplus lines insurer. In the event of insolvency of the insurer, this insurance is not Covered by the Guaranty Fund or Guarantee Association.

In consideration of the payment of premium and in reliance upon statements made in the application, this policy including all endorsements issued herewith shall constitute the contract between the Company and the Named Insured. This policy is valid only if signed below by a duly authorized representative of the company.

This policy, including all endorsements issued herewith, is hereby countersigned by:

PRESIDENT VICE PRESIDENT and SECRETARY Matthew P. Dolan  Mark C. Touhey
September 9, 2021
May 31, 2022

Mr. Charles H. Montange, Esq.
426 NW 162ND Street
Seattle, WA  98177

Re:  North Coast Railroad Authority – Abandonment Exemption – In Mendocino, Trinity, and Humboldt Counties, Cal., AB-1305X.

Request for Information for OFA

Dear Charles:

Please be advised that Mendocino Railway (“MR”) is considering making an offer of financial assistance (“OFA”) to acquire a segment of the line described in the above referenced proceeding.

Pursuant to 49 § 1152.27(a), NCRA is promptly requested to provide the undersigned with the following information:

(1) Minimum purchase price.
(2) Most recent reports on the physical condition of the involved line.
(3) A description of any rail, crossings or crossing structures that have been removed, and any estimates of the cost of rebuilding or reinstalling such rail or structure(s).
(4) Traffic, revenue, and other data, including estimate of the net liquidation value of its interest in the line and supporting data reflecting available real estate appraisals, assessments as to the quality and quantity of track materials in the line, and removal cost estimates (including the cost of transporting removed materials to point of sale or point of storage for relay use). Such data should also include a description of the nature of the title to the real estate involved, including disclosure of all revisionary interests.
(5) Copies of any and all environmental audits of the real estate involved, and a description of (a) all sites under investigation by, or being remediated under the supervision of the U.S. Environmental Protection Agency or the California Department of Environmental
Quality, (b) all known potential environmental liabilities arising out of conditions on the property, (c) all releases of hazardous materials on or about the property, and (d) a history of all customers and industrial users along the line.

(6) Offeror and its advisors may wish to inspect the line and property. Please let us know who we should contact to arrange for access to the property.

MR appreciates your prompt attention. If you have any questions, please contact me by phone at (202) 663-7823, or by email at WMullins@bakerandmiller.com.

Sincerely,

/s/ William A. Mullins

William A. Mullins

cc: Parties of Record